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SITC International Holdings Company Limited

海豐國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1308)

CONNECTED TRANSACTION SALE OF VESSEL

On 24 September 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell to the Purchaser the Vessel, a 907 TEU container vessel, for a consideration of US\$5,500,000 (approximately HK\$42,970,000).

The Purchaser is a wholly-owned subsidiary of Qingdao SITC, a company which is indirectly owned as to 43.85% by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, an ex-Director and the controlling shareholder of the Company and the mother of Ms. Yang Xin, a non-executive Director. Accordingly, Qingdao SITC is a connected person of the Company and the entering into of the Agreement constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules.

As each the applicable percentage ratios in respect of the Disposal is more than 0.1% but less than 5%, the entering into of the Agreement is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE DISPOSAL

On 24 September 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser in respect of the Disposal. The salient terms of the Agreement are summarised below:

Vessel to be sold:	“Hai Feng Hai Kou”, a 907 TEU container vessel with DWT of 12,628 tons owned by the Company and registered in Yangpu, the PRC. The Classification Society of the Vessel is China Classification Society. The Vessel was originally acquired by the Company in 2007 at a costs of US\$16,799,126.21 (approximately HK\$131,243,173.52).
Profit attributable to the Vessel:	The profit (both before and after tax) attributable to the Vessel were US\$445,606.44 (approximately HK\$3,481,300.28) and US\$570,771.29 (approximately HK\$4,459,150.72) for the two years ended 31 December 2022 and 2023, respectively.
Net asset value of the Vessel:	The net asset value of the Vessel as at 31 July 2024 was approximately US\$3,790,652.43 (approximately HK\$29,614,472.09).
Consideration:	The consideration for the Disposal is US\$5,500,000 (approximately HK\$42,970,000). Such consideration was determined upon arm’s length negotiation between the buyer and seller with reference to the valuation of the Vessel as at 8 August 2024 as assessed by an independent vessel appraiser using the market method taking reference of last sales transactions of similar vessels, technical specification of each ship, current time charter rates and idle fleet numbers as well as on the scrap value for the older vessels.

In valuating the Vessel, the appraiser has assumed that (i) the Vessel is in a sound trading condition, being fully classed to the requirements of their Classification Society and with clean and valid trading certificates, confirming in all respects with the requirements of the Classification Society; (ii) the Vessel would be in a position to give prompt delivery within an acceptable area, free of cargo, free of charter; (iii) the Vessel will be delivered free from all encumbrances, maritime liens and all other debts.

The Directors believe that such consideration, which was determined after arm's length negotiations, on normal commercial terms, and based on the appraised value of the Vessel, is fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Payment terms:	The consideration will be payable within 30 days of the delivery of the Vessel through remittance to the bank account designated by the Vendor.
Completion and delivery:	The delivery of the Vessel will take place between 25 September 2024 and 31 October 2024 as notified by the Vendor to the Purchaser in writing.

Gain on disposal:	Subject to final audit, it is expected that the Group will realise a gain on disposal of approximately US\$642,521.14 (approximately HK\$5,019,696.44), which is calculated by reference to the carrying value of the Vessel at US\$3,621,467.43 (approximately HK\$28,292,714.27) and relevant taxes arising from the transaction amounted US\$1,236,011.43 (approximately HK\$9,656,339.28).
Application of sale proceeds:	The proceeds from the Disposal is currently intend to be applied as general working capital of the Company.

REASONS FOR THE DISPOSAL

The Purchaser owns the rights to operate the Taiwan route and has entrusted such operation rights to the Group for operation. The vessel currently being used for operating the Taiwan route, M/V “Hai Feng Lian Xing”, is more than 22 years old and has high operating and maintenance costs. As such, the Vessel is being sold to the Purchaser to replace the current aged vessel for the operation of the Taiwan route.

The Directors, including the independent non-executive Directors, consider that the terms of Agreement were concluded under normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Purchaser is a wholly-owned subsidiary of Qingdao SITC, a company which is indirectly owned as to 43.85% by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, an ex-Director and the controlling shareholder of the Company and the mother of Ms. Yang Xin, a non-executive Director. Accordingly, Qingdao SITC is a connected person of the Company and the entering into of the Agreement constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules.

As each the applicable percentage ratios in respect of the Disposal is more than 0.1% but less than 5%, the entering into of the Agreement is subject to the reporting and announcement requirements but exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Mr. Yang Xianxiang, Mr. Xue Mingyuan, Mr. Liu Kecheng and Mr. Lai Zhiyong, each an executive Director, also indirectly holds 18.37%, 3.11%, 5.22% and 2.15% interests in Qingdao SITC, respectively. Accordingly, Ms Yang Xin, and each of Mr. Yang Xianxiang, Mr. Xue Mingyuan, Mr. Liu Kecheng and Mr. Lai Zhiyong are considered to be interested in the Disposal and have abstained from voting for the Board resolution to approve the Agreement.

INFORMATION ON THE PARTIES

The Company

The Company is an Asian shipping logistics company that provides integrated transportation and logistics solutions.

The Vendor

The Vendor is a limited liability company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in the business of vessel holding and chartering services.

The Purchaser

The Purchaser is a limited liability company incorporated in the PRC and is a wholly-owned subsidiary of Qingdao SITC. It is principally engaged in the shipping business. Qingdao SITC is a limited liability company incorporated in the PRC and is principally engaged in shipping and logistics services. Qingdao SITC is owned as to 43.85% by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, an ex-Director and the controlling shareholder of the Company and the mother of Ms. Yang Xin, a non-executive Director. Accordingly, Qingdao SITC is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	the agreement dated 24 September 2024 between the Vendor and the Purchaser in respect of the Disposal;
“Board”	the board of directors of the Company;
“Classification Society”	an independent society which certifies that a vessel has been built and maintained in accordance with the rules of such society and in compliance with the applicable rules and regulations of the vessel’s flag state and the international conventions of which that flag state is a signatory;
“Company”	SITC International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Disposal”	the sale of the Vessel by the Vendor to the Purchaser;
“DWT”	deadweight tonnage, a measurement of how much a ship can carry;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Group”	the Company and its subsidiaries;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Purchaser”	SITC Steamship’s Co., LTD. 山東海豐航運有限公司, a limited liability company incorporated in the PRC;
“Qingdao SITC”	SITC Maritime Group Company Limited (青島海豐國際航運集團有限公司), a company incorporated in the PRC, which is involved in various business which had been excluded from the deed of non-competition provided by the controlling shareholders of the Company and as supplemented by a supplemental deed of non-competition entered into between the Company and Qingdao SITC;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollar, the lawful currency of the United States;
“Vessel”	“HAI FENG HAI KOU”, a 907 TEU container vessel with DWT of 12,628 tons built in 2007;
“Vendor”	SITC Steamships (HAI NAN) Co., LTD. (海南海豐航運有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company; and
%	per cent.

By order of the Board
SITC International Holdings Company Limited
Yang Xianxiang
Chairman

Hong Kong, 24 September 2024

As at the date of this announcement, the executive directors of the Company are Mr. Yang Xianxiang, Mr. Xue Mingyuan, Mr. Liu Kecheng, and Mr. Lai Zhiyong; the non-executive director of the Company is Ms. Yang Xin; and the independent non-executive directors of the Company are Mr. Tse Siu Ngan, Dr. Liu Ka Ying, Rebecca and Dr. Hu Mantian (Mandy).